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DEVELOPING A SYSTEM OF FINANCIAL ADMINISTRATION: CASE STUDIES

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1. The following account describes how a National Spiritual Assembly assisted newly formed Regional Bahá'í Councils to establish treasury offices and strengthen their ability to manage the funds of the Faith.

   In 2010, four Regional Councils were established in a national community and, soon after the formation of Councils, regional institute boards were formally established and began operating under the guidance of the relevant Regional Council. Prior to the formation of the Councils, funds related to the growth of the Faith and the institute were managed by the national teaching committee and the national training institute board. However, there were a number of practical challenges faced in facilitating the smooth flow of funds to the grassroots, particularly in rural areas, including the remoteness and inaccessibility of many communities, the large distances between clusters, the high cost of transportation, the lack of an extensive postal service, and an absence of efficient banking services in rural areas. Such obstacles often resulted in long delays in sending communications and funds. While in urban areas, funds could, in some cases, be directly transferred to the personal bank accounts of friends serving on cluster agencies, in rural areas, funds were generally sent as cash when members of national agencies travelled to local communities.

   The National Assembly felt that an important step in addressing these issues was to ensure that funds were managed closer to the grassroots. In this regard, the Assembly decided to assist the Councils to take incremental steps to strengthen their administrative systems, initially prioritising the establishment of regional treasury offices. For each Council, a small office space was identified from which the Council could operate, and a computer was purchased to enable the Secretary to carry out his or her responsibilities. Through periodic visits by the National Treasurer, the Councils were assisted to use a basic record-keeping system to track income and expenditures. Over the course of a year, as it became apparent that the Councils' treasury-related functions were becoming more complex, each Council was also helped to appoint a cashier, thereby separating the responsibilities of handling funds and accounting for financial transactions.

   As each Regional Council established basic accounting systems, they were assisted in preparing their annual plans and budgets, which allowed them to consider the overall needs of the region and to direct their financial resources to where they were needed and where opportunities existed. They also were given responsibility for approving the budget of the training institute, which would become part of the overall regional budget. As Councils strengthened their ability to manage their finances, the disbursement of funds for the operation of the training institute was transferred from the National Assembly to the Regional Councils. In this connection, institutes were assisted in opening bank accounts to receive and disburse funds.

As the Regional Councils implemented their budgets, the National Assembly assisted them to give thought to certain principles when considering the flow of funds from the regional to the cluster level. Much discussion occurred about facilitating the flow of funds in an uninterrupted yet wise and judicious manner. In this regard, the Councils were encouraged to avoid two extremes: one where the money of the Cause, out of fear of misuse, is held too tightly, which hinders progress, and the other where there are no records or accounts that would allow the Councils to maintain oversight of the flow of funds. One way Councils addressed this issue was to advance funds to institutes as lump-sum payments at various points throughout the year, on the basis of approved yearly plans and budgets, which allowed the institutes to have funds readily available. Another consideration was that care was needed to ensure that the development of the financial system took into account the circumstances of both urban and rural areas. For example, in cities, all aspects of the budget tended to be monetized and appeals for contributions were usually addressed to individuals; however, in rural areas communities made use of limited resources, and activities were often carried out through communal effort.

As such developments took place at the regional level, it became clear providing such ongoing assistance to Councils was placing greater demands on the National Treasury Office. In this connection, a position was created in the National Treasury Office for an individual who could continue the work of the National Treasurer in helping with the development of regional treasury offices. This staff member was tasked with assisting Councils in identifying individuals with bookkeeping or basic accounting skills; in providing training to these individuals in the use of accounting software; in opening and managing mobile money and bank accounts; and in finding larger office spaces when the number of staff in the treasury offices increased. This staff member made quarterly visits to the Councils over the span of a few years until it was felt that this type of assistance was no longer required. Throughout the course of this endeavour, care was taken to ensure that regional treasury offices were not conceived of as extensions of the National Treasury Office; rather, discussions occurred clarifying that regional treasury offices operate under the supervision of the Council. In 2016, two new Regional Councils were established, and they were assisted in taking similar steps.

When the National Assembly prepared its financial system document, with the assistance of the Counsellors, in order to manage growing complexity at the national level, it ensured that attention was given to facilitating the flow of funds to support activities at the cluster level and to strengthening the operation of the regional treasury offices. One aspect of this was placing greater emphasis on employing staff in the National Treasury Office who had advanced knowledge of accounting or business studies in order to enhance the capacity of the Office to assist those at the regional level.

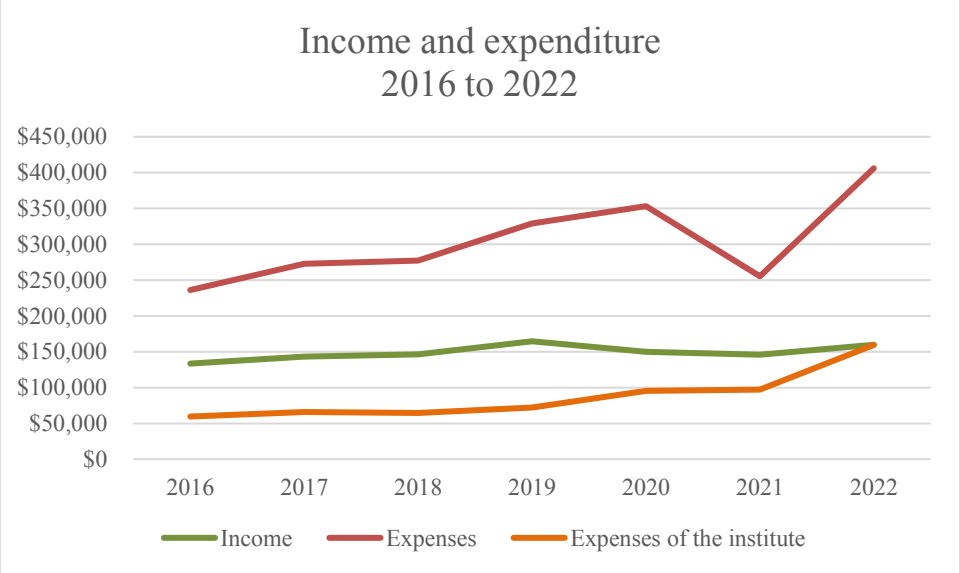
With the assistance provided over the past decade, as outlined above, Regional Councils have established regional treasury offices, put in place cashiers and bookkeepers, strengthened the planning and budgeting process at the regional level, and facilitated the flow of funds to the grassroots. In addition, funds are no longer being handled entirely in cash, and cluster agencies in rural areas are better able to receive funds. Such developments have enabled Regional Councils to meet the demands of growth with greater effectiveness and efficiency.

2. The following account describes the experience of a National Spiritual Assembly that undertook an analysis and projection of the material resources required to meet the demands of accelerated growth in the country. It also highlights the subsequent steps taken to further cultivate a culture of collective responsibility for the material needs of community activities and the efforts to raise awareness regarding the sacred duty of contributing to the funds of the Faith. Specific details and figures have been adapted for illustrative purposes.

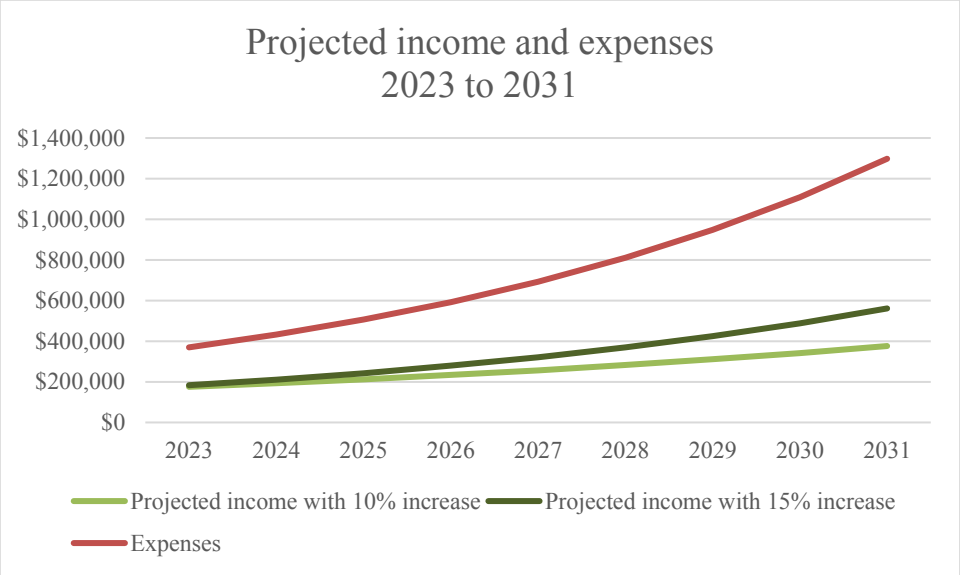
   During the Five Year Plan (2016–2021), this national community saw substantial growth which accelerated in the subsequent One Year Plan. Over these six years, the number of core activities increased from 1,400 to nearly 20,000. Clusters that had passed the second milestone grew from 21 to 89, and those beyond the third milestone rose from 4 to 58. Two additional Regional Bahá'í Councils were established, and agencies emerged in scores of clusters. In light of such developments, the number of individuals serving on a part- or full-time basis and receiving financial assistance considerably increased, more and more properties were needed to meet the demands of growth at the cluster and regional levels, and more resources were directed towards a variety of social action endeavours.

   Recognizing the remarkable progress being made, the National Assembly felt that it needed to carry out an analysis to anticipate the future growth of the community, along with the financial resources that would be required. On the basis of the analysis, the National Assembly projected that by the end of the Nine Year Plan, there would be approximately 230 clusters with an intensive program of growth, 200 of which would have passed the third milestone. Further, a conservative forecast indicated that the number of core activities would reach 60,000 and the number of Local Spiritual Assemblies would more than double.

   The Assembly then examined its income from 2016 to 2022, noting a 20 percent increase in contributions during that period. Since then, more recent data showed that contributions to the National Fund had plateaued. It was noted that approximately 10 percent of Local Assemblies and 1.25 percent of believers contributed. Further, between 2016 and 2022, expenses had risen by 72 percent, more than half of this increase occurring in 2021 alone, with the expenses of the training institute making up a large share of these costs. The income and expenditure during this period are shown in the graph below.



Given this projected growth, the Assembly felt it was crucial to assess how to meet the ever-increasing resources this would demand in a sustainable manner. This sense of urgency prompted the Assembly to undertake an exercise to forecast its financial resources, considering both projected income and the anticipated expenses. Initially, future expenses were estimated based on the average for 2016 to 2022. However, recognizing that growth would likely follow the rapid increase of the last two years of this period, the Assembly based projections on that two-year pattern. If this trend continued, expenses would total about $1,300,000 by the end of the Plan. For income, two scenarios were considered: a 10 percent annual increase, totalling approximately $375,000 by the end of the Plan and a 15 percent annual increase, totalling approximately $560,000. Both scenarios would result in significant deficits—$925,000 with a 10 percent increase and $740,000 with a 15 percent increase. Until now, the National Fund was sufficient to cover the administrative budgets of the National Assembly and Regional Councils, though with some strain. However, it became clear that rising expenditures would soon far surpass the anticipated increase in contributions, resulting in a situation where the Assembly would not be able to remain self-sufficient in administrative affairs as has been its goal. The projection of these figures is shown in the graph below.



With a clearer understanding of the potential financial landscape, the National Assembly recognized that the projections were not fixed outcomes. This prompted the Assembly to consider a twofold approach: intensifying efforts to raise the consciousness of the believers concerning the spiritual significance of contributing to the Fund and exercising greater economy while sustaining an intensive pattern of growth.

Given that even with a projected 15 percent increase in contributions, a substantial deficit would still remain, the National Assembly concluded that it would need to more effectively tap into the latent potential in the country to contribute to the Fund. Despite a strong culture of generosity, many believers were not contributing to the Fund. In this connection, the Assembly set in motion several lines of action with the aim of raising the consciousness of the believers concerning their sacred obligation of giving to the Fund, and strengthening mechanisms to receive contributions. This involved increasing participation in the courses of the training institute, particularly Books 2 and 11, to enhance the capacity of the friends

to engage in conversations with their fellow believers about the spiritual significance of contributing to the Fund, as well as about how to manages one's economic affairs in a manner that upholds the responsibility of contributing throughout one's life. Additionally, the Assembly encouraged and oriented a greater number of Local Assemblies about contributions to the Fund. Initially, eighty-nine Local Assemblies were contributing to the National Fund and the goal was to raise to two hundred the number of Local Assemblies which have a well-established Local Fund and can regularly encourage all believers to contribute. Steps were also taken to collaborate with Regional Councils, focusing on increasing the number of assistants to the Regional Treasurer to help with educational efforts and the collection of funds; and supporting Regional Councils in their efforts to inculcate a culture characterized by local communities providing material means for their own activities and projects.

Alongside these efforts, attention was given to how greater economy could be exercised, especially at the regional level, without affecting the pace of developments. The National Assembly and Counsellors, along with regional institutions and agencies, considered how existing material resources could be better drawn on. This led to discussions about how a greater sense of collective responsibility among the believers in the region might be fostered. In this connection, in a few of the stronger regions, long-held practices were reevaluated. For example, at the subregional level, it had become customary to book hotels and cater meals for meetings. However, upon further reflection, it was recognized that, traditionally, it was common for individuals to stay in one another's homes whenever they would travel. Understanding this important aspect of the local culture prompted a revaluation of existing practices, leading to the decision that the friends could host these meetings in their homes, providing accommodation, meals, and other necessities themselves. This decision brought a spirit of joy as these friends were able to meet one another's families and deepen bonds of friendship. Many believers expressed that although they could not make substantial monetary contributions, hosting the meetings and providing food allowed them to contribute materially in a significant way.

This review of longstanding practices encouraged the regional coordinators to reflect more deeply on how material resources at the cluster and local levels could be drawn on. For example, in one region, when considering the plans for the coming year, the coordinators observed that while it was originally anticipated that 10 additional cluster coordinators would be appointed, attention could instead be given to further building upon the capacity existing closer to the grassroots. In this light, village-level teams took on some of the tasks previously handled by coordinators and in communities with strong Local Assemblies, teams were established to facilitate various logistical aspects related to the activities of the training institute. Through these various concerted efforts, an increased pace of growth was sustained while expenditures remained at the level of the previous year